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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY )  
FILING OF GASCO DISTRIBUTION SYSTEMS, ) CASE NO. 2007-00421  
Inc. )

ATTORNEY GENERAL'S SUPPLEMENTAL  
REQUEST FOR INFORMATION  
TO GASCO DISTRIBUTION SYSTEMS, INC.

Witness responsible for the supervision of the  
preparation and response to the questions on behalf  
of Gasco Distribution Systems, Inc.:

Fred A. Steele  
President  
Gasco Distribution Systems, Inc.

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**ATTORNEY GENERAL'S SUPPLEMENTAL  
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- 1. Please reference Gasco's Response to OAG 1-2. Please clarify whether Gasco currently has 6 employees or 13 employees for its Kentucky-based operations.**

Gasco currently has a total of six employees. One field service employee dedicates approximately 70% of his time to the Gasco Kentucky operation. One employee has no allocation of time to the Gasco Kentucky operation and the other four employees have a percentage of their time allocated to the Gasco Kentucky operation.

- (a) If the current count is 6, explain in detail why Gasco has undergone a 70% reduction in its workforce level.**

Gasco has sold operations in West Virginia, Ohio and Pennsylvania thus reducing the size of its workforce.



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- 2. Please reference Gasco's Response to OAG 1-2(a). For the individuals named, please state the amount of time in hours, by each year, work has been done for Gasco's Kentucky-based operations.**

Except for the Albany field employee's, time is not maintained on an hourly basis but on company wide basis. The indirect employees time has always been allocated based on a percentage of sales of each division. The employees are paid by Gasco Distribution Systems, Inc., not by Gasco Kentucky.



**ATTORNEY GENERAL'S SUPPLEMENTAL  
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**3 Please reference Gasco's Response to OAG 1-5. Did part of the "poor work performance" include a failure to timely file gas cost recovery/adjustment with the Kentucky Public Service Commission? If yes, when was this issue discovered?**

Yes. Management determined in early 2001 that Mr. Brothers work performance was below what was expected.



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**4. Please reference Gasco's Response to OAG 1-5(d).**

- (a) In deciding which filings would be addressed first, did Mr. Steele consider the need to file applications in such a way as to accurately address the company's gas costs in a timely fashion?**

Yes,

- (b) Did Mr. Steele think it necessary to timely file the company's applications so that the ratepayers would only be required to pay the actual cost for the gas?**

Yes.

- (c) Did Mr. Steele consider the fact that any large increase associated with untimely filings may have significant financial impacts on its customers?**

Yes.

- (d) Did Mr. Steele consider the fact that any failure to pass increased gas costs on to Gasco's customers could place the company in jeopardy?**

Yes.



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- 5. Please reference Gasco's Response to OAG 1-5(e). Did any. of the named individuals review the bills to determine whether gas cost adjustments/recoveries were needed during the referenced years in which they were responsible for processing them?**

Yes.



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**6. Please reference Gasco's Response to OAG 1-5(f). Was there a specific person responsible for checking to make sure the higher rate awarded in Case No. 2006-00426 was implemented?**

No order was located in our files, so it appears that there was nothing received from the PSC to alert the staff of the need to look for or to track that filing.

**(a) If not, why not?**

N/A

**(b) Is there currently a person who will be responsible for doing so on a going forward basis?**

Yes.

**(c) If not, why not?**

N/A

**(d) If so, please identify that person.**

Fred A. Steele

**(e) Please provide the qualifications of that person.**

Please see previous answers for Mr. Steele's qualifications.

**(f) Please explain in detail the protocol in place to ensure future compliance.**

Mr. Steele will review a sampling of billing along with the current rates that are in effect to determine if the correct rate is being charged to the customer.



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**7. Please reference Gasco's Response to OAG 1-6. Does management not consider that it alone is responsible for the omission and that if staff had neglected its responsibilities, he/she/they should have been corrected in a timelier manner than six years?**

Yes. Fred A. Steele does accept the responsibility for the omission and recognize that there should have been a correction in a more timely manner.



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- 8. Does Gasco believe that since Mr. Brother's departure on August 1, 2001, sufficient time has passed for the company to have brought the company into compliance after six years? If not, why not?**

Sufficient time has passed for the company to have brought the company into compliance.



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- 9. In the event that the Commission precludes the company from collecting any underbillings beyond the two-year period mandated in KRS 278.225, explain the anticipated impact on the average monthly residential bill.**

The company has determined the underbillings for the two year period from July 2005 through June 2007 to be \$275,636.64, the impact on the average monthly residential bill would be determined by the period of time Gasco is allowed to recoup these gas costs.



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**10. Is Gasco aware that under-billing situations have occurred with other utility companies?**

Not specifically.



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**11. Is Gasco aware that companies have accommodated customers by establishing interest free payment plans with terms reaching as far out as five years?**

No.

**(a) Would Gasco be willing to make similar accommodations?**

Yes. If Gasco is allowed to recoup the total amount undercollected during the six year period it would be willing to forgo any interest that may be owed to it.

**(b) If not, why not?**

N/A



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**12. Please reference Gasco's Response to OAG 1-12 where Gasco states that "[failure] to recover those monies will severely limit the company's option of going forward."**

**(a) Does this mean it will not be financially viable?**

Yes.

**(b) Does this mean its operations will be jeopardized?**

Yes.

**(c) Given the fact that KRS 278.225 strictly prohibits the company from collecting any under-billing more than two years old, what plans or preparations has the company made to address the shortfall?**

It very well could be forced to seek protection under the bankruptcy code.



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**13. Please provide documentation reflecting the total compensation or remuneration for Gasco's owners and its employees, broken down by each individual and for the last five years.**

Attached is a schedule showing compensation for Gasco's owners and employees allocated to Gasco Albany for the last five years. The owners and employees may have compensation from sources other than Gasco Distribution Systems, Inc., which are not included in this response.

	2007	2006	2005	2004	2003
Fred A. Steele	4,318	4,410	4,103	5,240	5,446
Kenneth D. Magyar	3,572	2,957	2,810	4,271	2,900
Trina L. King	2,149	2,010	1,912	2,626	2,227
Gordon R. Brothers	0	0	0	0	0
Bruce D. Tom	989	1,057	1,066	1,549	1,706
Twila D. Wright	716	740	704	1,038	1,045
Lori Huffman	0	353	971	1,404	1,345
Frank D. Cash	29,469	28,768	27,398	26,624	25,360
Kenneth W. LePage	370	1,432	1,286	1,229	446
Charles D. Hercher	0	0	0	0	0
Totals	41,583	41,727	40,250	43,981	40,475



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- 14. Please state whether Gasco intends to pass through its costs associated with this filing to its ratepayers or whether it intends to absorb same by way of its owners.**

Unless Gasco files a rate case within the next 12 months, the costs of this proceeding will not be passed to ratepayers.



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**15. Please reference Gasco's responses to AG 1-1 and 1-13. Confirm that the following corporate entities are identified in current Kentucky Secretary of State records as being inactive and in bad standing:**

**(a) Gasco, Inc.;**

Inactive and in Bad Standing.

**(b) Gasco Distribution Systems, Inc. ; and**

Inactive and in Bad Standing.

**(c) Titan Energy Group, Inc.**

Inactive and in Bad Standing.



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**16. With reference to Gasco's response to AG DR 2-15, does the company have any plans to reinstate its status with the Kentucky Secretary of State? Provide details.**

Yes, for Gasco Distribution Systems, Inc. and Yes, for The Titan Energy Group, Inc.

We do not have plans to reinstate Gasco, Inc. as it does not do any business in Kentucky.



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- 17. Please explain the company's relationship (if any) with the entity known as "Gasco Distribution Systems of Kentucky, Inc.", and explain why the company did not identify this entity in its responses to AG DR 1-1 and 113.**

The assets of Gasco Distribution Systems, Inc. Albany Division were originally purchased and held in a separate corporation by the name of Gasco Distribution Systems of Kentucky, Inc. According to the corporate records we have, we believe Gasco Distribution Systems of Kentucky, Inc. should have been dissolved effective July 1, 1995. This corporation had its own separate Federal Identification Number. On this date all utility assets were merged into one corporation, Gasco Distribution Systems, Inc.



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- 18. Confirm that "Gasco Distribution Systems of Kentucky, Inc." is identified in current Kentucky Secretary of State records as being inactive, and in good standing.**

Inactive and in Good Standing and is dissolved.



AFFIDAVIT

State of Ohio

County of Muskingum

I, Fred A. Steele, President after being sworn, state that these responses to these requested questions of the Public Service Commission of Kentucky for Case No. 2007-00421 on behalf of Gasco Distribution Systems, Inc. are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

Sworn to before me by Fred A. Steele on this 3rd day of January, 2008.



Fred A Steele  
Fred A. Steele

Trina L King  
Notary Public

**Trina L. King**  
**Notary Public, State of Ohio**  
**My Commission Expires 8-8-2012**